World Textile Chemicals

Industry Study with Forecasts for 2012 & 2017

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The Freedonia Group

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Global demand to rise 2.8% yearly through 2012

World demand for textile chemicals is projected to increase 2.8 percent per year to $19 billion in 2012. Boosting growth will be the rising level of personal income in both developed and developing countries, which will promote the production of textiles used in apparel, upholstery, household furnishings and floor coverings. While colorants and auxiliaries will remain the biggest product segment, faster gains will be seen in finishing chemicals, which impart specific aesthetic, physical and functional properties to textiles. The Asia/Pacific region, China and India in particular, will continue to be the largest consumer of textile chemicals, and is also forecast to experience the fastest growth.

Textile finishing chemicals to post strongest gains

Textile finishing chemicals are expected to post the strongest gains through 2012, continuing a decade-old trend. While generally not necessary to the actual production of textile goods, finishing chemicals allow garment makers and other manufacturers of textile products to differentiate their products. Key types of finishing chemicals include wrinkle resists, softeners, hand modifiers, flame retardants and water repellents, as well as soil release and non-slip finishes, and products featuring protection against UV light. Global demand for finishing chemicals will be driven by the growing emphasis on product quality throughout the global textile industry, as well as wider consumer demand for comfortable and durable apparel. In addition, increasing production of industrial/technical textiles will boost demand for various functional finishes such as flame retardants and water repellents.

Natural fibers to remain key market for chemicals

The replacement of natural fibers with less expensive, better performing manmade alternatives in many market applications will limit demand somewhat for reactive, vat and direct dyes, as well as sizing and preparation chemicals, which are more commonly use in the processing of natural fibers. Nonetheless, natural fibers will continue to constitute a large share (almost 38 percent) of fiber demand and provide some opportunities, especially for higher-value non-chlorine bleaching agents (such as hydrogen peroxide) and other products such as finishing chemicals. Although natural fibers will remain the largest market for many textile chemicals, growth will also be strong for products which are designed to improve the comfort and performance of synthetic and cellulosic manufactured fibers (sometimes to imitate the look and feel of natural fibers).

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Indonesia: Textile Fiber Outlook

Mill fiber consumption (including both manufactured and natural fibers) in Indonesia stood at 1.7 million metric tons in 2007, sustained growth over the past couple of decades, per capita levels rose to 7.5 kilograms in 2007, still below the regional average. Like other developing Asian countries offering low-cost factors of production, Indonesia has built a sizable export-led textile products manufacturing sector over the past 30 years, featuring significant apparel, woven fabrics and spun yarn segments. Manufactured fibers accounted for 68 percent of total fiber demand in 2007, with both synthetic and cellulosic fibers well-represented, and cotton accounts for virtually all of the remainder. Demand for textile fibers in Indonesia is forecast to increase 1.2 percent per year to 1.8 million metric tons in 2012.

Indonesia’s economy and income levels are forecast to post significant gains through 2012. This trend should benefit domestic demand for many textile products, including apparel and household goods such as bed sheets, towels and blankets. Stronger industrial output will boost indigenous demand for items such as tire cord, rope, geotextiles and coated fabrics. More importantly, Indonesia’s export intensive fiber sector should benefit from solid international demand for fibers.

Natural fiber demand is forecast to increase 1.0 percent annually to 580,000 metric tons in 2012. Cotton accounts for virtually all of the natural fiber consumption in Indonesia.
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<td>Textile Fiber Demand (000 metric tons)</td>
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<td>1571</td>
<td>1706</td>
<td>1815</td>
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<td>$ chemicals/m ton fiber</td>
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<td>Other</td>
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<td>4.5</td>
<td>4.4</td>
<td>3.4</td>
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<td>Asia/Pacific Textile Chem Demand</td>
<td>5670</td>
<td>6500</td>
<td>9160</td>
<td>11520</td>
<td>14200</td>
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</table>

“Demand for textile chemicals in Indonesia is forecast to increase just under one percent annually to $330 million in 2012. Demand will be supported by the nation's continued economic expansion and the increasing use of higher-value chemicals to meet the needs of Indonesia's textile export industry. As a result, best prospects are for finishing chemicals. However, Indonesia still relies heavily on commodity chemicals. In addition,…”

--Section VI, pg. 182
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